

# Guideline on the due diligence obligations of banks in dealing with foreign correspondent banks

## 1 Background

For Liechtenstein as an international business and financial centre as well as for its stability, an unimpeded connection with the international system of payment transactions is of **fundamental importance**. Since correspondent banking as a standard service can be exposed to correspondingly high money laundering and terrorist financing risks in global payment transactions, the member banks of the Liechtenstein Bankers Association have issued a binding guideline on the due diligence obligations of banks in dealing with foreign correspondent banks. The purpose of this guideline is to ensure that Liechtenstein banks have a uniformly high compliance standard in dealing with their correspondent banks and to provide them with the best possible support in fulfilling their obligations relating to money laundering and terrorist financing risks.

## 2 Goals



## 3 Key Points

- Clear definition of internal processes including escalation process and implementation of targeted monitoring measures.
- High management attention, regular reporting to the senior management and board of directors of issues specific to correspondent banks.
- Appointment of qualified personnel and inclusion of correspondent banking issues in regular basic and continuing training.
- Regular exchange and open dialogue with the correspondent banks to optimise procedures and to improve and secure mutual understanding.
- Obligation to respond in a timely and complete manner to correspondent bank enquiries.
- Use of the new, expanded Wolfsberg Questionnaire as a standard questionnaire and obligation to update it regularly.
- Clear requirements regarding the permissibility of offering correspondent banking services and the application of increased/enhanced due diligence.
- Binding requirement to implement the guideline and to incorporate it in the institution-specific due diligence instructions. This ensures the Financial Market Authority's ability to monitor compliance with the guideline within the framework of risk-based supervision.